MINUTES

BOARD OF TRUSTEES OF THE
PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street, Suite 500
Indianapolis, IN 46204

November 9, 2001

<u>Trustees Present</u>

Richard Doermer, Chair
Nancy Turner, Vice Chair
Jonathan Birge
Steven Miller

<u>Trustees Absent</u>

Teresa Ghilarducci

<u>Others Present</u>

Mike Gery, Executive Assistant to the Governor
Diana Hamilton, Indiana Development Finance Authority
Stephanie Grieser, William M. Mercer Investment Consulting
Micah Fannin, William M. Mercer Investment Consulting
Dick Boggs, Burnley Associates
Mary Beth Braitman, Ice Miller
Eric Swank, Ice Miller
Doug Todd, McCready & Keene, Inc.
Karen Franklin, National City Bank
E. William Butler, PERF Executive Director
Patricia Gerrick, PERF Chief Investment Officer
Joseph Duncan, PERF Investment Analyst
Jacob Medlen, Investments Intern
Diann Clift, PERF MIS Director
Ed Gohmann, PERF Legal Counsel
Bill Hutchinson, PERF Director of Benefits Administration
Patrick Lane, PERF Director of Communications
Tim Legesse, PERF Investment Analyst
Doug Mills, PERF Chief Financial Officer
Jim Osborn, PERF Project Director
Tom Parker, 1977 Police and Firefighters Fund Director
Kenneth Stoughton, Director of Human Resources
Lynda Duncan, Minute Writer

ITEMS MAILED TO THE BOARD PRIOR TO MEETING

A. Agenda of November 9, 2001 meeting

B. Minutes:
- October 12, Board of Trustees Meeting
- October 12, 2001 Benefits Administration Committee Meeting
- Reports, Summaries, Memorandums and/or Letters Concerning:
  - Actuarial Rate Calculations for Noble County
  - Legislators' Loan Program
  - PERF Telecommunications Project
  - State Hiring Freeze
  - Documents presented at the 1977 Police and Fire Advisory Committee Meeting

A quorum being present, the meeting was called to order.

1. MINUTES APPROVAL

MOTION duly made and carried to approve the Minutes of the October 12, 2001 meeting of the Board of Trustees.

Proposed by: *Steven Miller*
Seconded by: *Nancy Turner*
Votes: *4 for, 0 against*

2. DISCLOSURES

Richard Doermer – Bank One stock ownership.

3. ADMINISTRATIVE

Executive Director's Report:

- Kevin Scott, the new Chief Benefits Officer, was introduced to the Board.

- Meeting Dates for 2002. This item was deferred for discussion at the Board's next meeting when all Board members would be present.

- Contribution rate for Noble County – Adjustment of Smoothing Rules for PERF Employer Contribution Rates. At the October 12 Board meeting, the Board had requested Doug Todd of McCready and Keene, Inc., to present a new rule that would allow certain units participating in PERF to be granted a waiver from the 1% minimum employer contribution. The following tests were proposed in order to meet the waiver requirements:

- The valuation assets must exceed the present value of future benefits (as determined by the actuary) by at least $300,000.

- The funded status or ratio of valuation assets divided by the actuarial accrued liability (as determined by the actuary) must be at least equal to 175%.

- These requirements would have to be met annually.

- It was further recommended that the effective date for allowing eligible PERF units to waive the 1% minimum employer contribution rate would be January 1, 2002. This is the date the employer contribution rates, based on the July 1, 2000 Actuarial Valuation, would normally be effective.

MOTION duly made to approve the concept of the smoothing rule, effective January 2001. The Staff was requested to prepare the language of the change to the smoothing rule for the next Board Meeting.

Proposed by:	*Jonathan Birge*
Seconded by:	*Nancy Turner*
Votes:	*4 for, 0 against*

- Board Meetings 2002. Due to the absence of Teresa Ghilarducci, this subject was deferred for resolution at the next Board Meeting to be held on December 14, 2002.

- Telecommunications Project. An update had been provided at the Benefits Committee Meeting. Four PERF members had met with Call Center experts at Purdue University. This project in effect comprises two parts: Infrastructure and the Call Center. Coordination is ongoing with Dr. Christopher of the Teachers' Retirement Fund (TRF). The original Request for Proposal had been withdrawn and would be republished jointly by TRF and PERF in due course. On the Call Center side, there are a couple of basic directions to be taken:

  - Infrastructure: The present system has limited capability. As an interim solution, there is a project to reorganize the existing telephone system to maximize existing capabilities.

  - Diann Clift advised that it would be necessary to make short term fixes: Main traffic line/call screening and answering basic questions – roll-over to another group – transfer to a counselor. This focus would be on high traffic lines. Changes would be incorporated within the next 30 – 40 days using stopgap measures. Once there was a target date to negotiate an agreement, it would take 8 – 10 weeks to install the Call Center.

- A meeting would be held with TRF representatives on November 26 and progress on implementation of the Call Center would depend on meeting the requirements that might be put forward. Once the RFP was scheduled, implementation would follow quickly. It was noted that TRF already had a form of Call Center, employing approximately 6 – 8 staff members, so their situation was less critical than PERF's.

The Board stressed that this was a priority project but that work should move forward with TRF. The PERF Staff was asked to assign a high priority to this effort and to move the Call Center project along as quickly as possible, with TRF's participation. Mr. Doermer stressed the urgency of this matter and noted that many of PERF's members were experiencing problems with PERF's telephone system.

MOTION was duly made to attach a High Priority to accomplishment of the Call Center project.

Proposed by: *Nancy Turner*
Seconded by: *Steven Miller*
Votes: *4 for, 0 against, no abstentions*

➢ Information Technology Update.

- SIRIS System. The SIRIS Stage 2 test environment would be set up in the 125 West Market Street Building. Stage 1 is in production; however there will be on going work to rectify "bugs" and make enhancements to the system. In the future, all transfers of data between the benefits and accounting sections will be effected electronically. The SIRIS project was launched in May 1999 with the first rollout taking place in April 2001. Stage 2 of the SIRIS system is scheduled to go on-line in March 2002. Convansys is implementing this system with 6-8 members on-site and a team of programmers located in Columbus, Ohio. The IRIS system (PERF's old computer system) will be shutdown when SIRIS Stage 2 comes on-line (March 2002) and all business processes will be run from SIRIS. The SIRIS system will serve as a tool that staff can use to gain efficiencies in productivity. The ability to electronically view documents and manage work flows are two of the biggest features of the SIRIS system that will assist in improving productivity. It was noted that SIRIS is a tool that staff can use to improve efficiencies and customer service. PERF will still need additional staff in order to meet its customer service goals and properly support its members.

- Navigant is working with the top 20 employers to clean up data. This represents approximately 35 – 40% of PERF's total employers. It was noted that TRF was not doing a data clean-up process. With a call center and the SIRIS system, PERF's service to its customers should be enhanced, but it was stressed that unless staff levels were increased, the system would not achieve its full potential PERF's Staff were being assisted to adapt to the new system through various training programs.

- Backfile Conversion. PERF will complete the shipment of approximately five million documents for conversion to electronic documents by December 15. Another 4-5 million documents had been identified for future conversion and they will be recommended for inclusion in an additional contract. This would take until next May to complete. The back file conversion project had involved the conversion of all member documents held on the 8th Floor of PERF and converting them to electronic images. Once the documents are converted and quality assurance performed, the original documents are sent to the State Archives warehouse for storage.

➢ Graphical Representation of Production History. The Executive Director provided graphical representations of PERF's monthly production figures. The intention is to use the graphs as a tool to develop PERF's production history and internal reporting and to provide a measure for progress towards implementation of the Board's Strategic Plan. These reports will be provided to the Board on a monthly basis.

- In discussion, it was noted that although the technology would provide a tool to help reduce the number of pending applications, other factors (e.g. the employer response time) were out of PERF's control. Diann Clift advised that SIRIS had been designed to validate service credit. Currently, records are validated at the point of retirement and this information could now be validated throughout the person's career so that on retirement, all information would be available. These procedures will eventually be enhanced with the electronic reporting project involving approximately 132 of PERF's employers. It was noted that the Employer Advisory Group had expressed strong interest in expanding electronic reporting capabilities.

- PERF recognized the delays occurring in responding to two primary sources of inquiry: Refunds and retirements.

- The Staff were establishing targets for various processes (e.g. retirement applications) and acceptable variances would be allotted to those targets where necessary.

- Mr. Doermer asked if requests for information were normally acknowledged upon receipt and was advised that this was not current practice. SIRIS would eventually provide a trigger mechanism so that letters of acknowledgement would be sent out after an allotted time period.

➢ Strategic Planning – Goals and Objectives. As the next step in the Strategic Planning process, the PERF's Executive Staff met with Nancy Williams of Mercer on November 12 to go through the goals that the Board had created, to discuss and review the objectives of each, and to develop new objectives where appropriate. Jim Osborn noted that the meeting had been extremely productive with frank input and with the overall goal of making PERF an outstanding pension Fund. Following agreement by the Board, the next stage will be to support these different objectives with action plans, to determine responsibility for the accomplishment of the objectives, to allot a time frame, and to add on any further description needed.

4. Benefits Administration Report. The Benefits Advisory Committee had met that morning. Nancy Turner, Chair of the Committee, provided highlights of the meeting, as follows:

➢ State Hiring Freeze. Eight of the eleven authorized posts have been filled, including three that were recruited internally. Of the eleven authorized positions, four are senior positions. Three of these positions have now been filled.

➢ Call Center. A meeting had been held with Call Center experts at Purdue University. Classes were also being offered by the Center for Customer-Driven Quality as part of a Certified Financial Planning qualification. Their intention was for PERF to provide future training opportunities for some of their students from the School of Consumer and Family Sciences, in the form internships and in the longer term, for PERF to be a potential employer for some of their graduating students.

➢ Employer Advisory Group (EAG). Patrick Lane noted that this group seemed to be divided into two areas, one dealing with day-to-day issues and the other on a more conceptual/strategic planning level. The next meeting would be held on November 13.

5. 1977 Fund Advisory Committee. Tom Parker provided highlights of the 1977 Fund Advisory Committee meeting held on October 16, 2001.

➢ Line-of-Duty Death Benefit Award. At their meeting on October 16, the Committee had recommended approval of a line-of-death benefit. This case had raised issues concerning interpretation of the law when assessing the criteria for granting such awards. The Pension Management Oversight Commission (PMOC) had also discussed the issue of line-of-duty death benefits at their October 29 meeting, when it was consensus that there needed to be some additional link between the cause and effect. Ed Gohmann read an extract from the current statute. The PMOC had recommended a proposal to change the statute. It was noted that there had been at least one other such case approved and essentially a precedent had been set. The total amount of such an award is $150,000. The PMOC had recommended that this amendment be passed to the General Assembly for a change to the legislature to tighten up the rules by which this type of benefit would be approved by making changes to the definition of “line-of-duty.” This would be included in the 2002 legislative proposals. Taking into consideration the precedent made in a previous case and the intention to change and tighten the current law governing such awards, the Board made the following motion:

MOTION duly made to approve the Line-of-Duty Death Award in the case of Mr. Larry E. Tull.

Proposed by: *Jonathan Birge*
Seconded by: *Steven Miller*
Votes: *4 for, 0 against, no abstentions*

MOTION duly made to request that the Board endorse the PMOC proposal.

Proposed by: *Steven Miller*
Seconded by: *Jonathan Birge*
Votes: *4 for, 0 against, no abstentions*

- Revision of Prior Service in the 1977 Police and Firefighter Fund. Units that had entered the 1977 Fund when the retirement age was 55 were unable to purchase service to enable members to retire by the new retirement age under the 1977 Fund (age 52). The proposal would allow a unit to purchase service to get members to the retirement age now in effect. This would also allow the 1977 Fund to accept a rollover of a distribution from various retirement vehicles (IRA, 403(b) Plan, or 457 Plan).

- Deferred Retirement Option Plan (DROPs). This would allow police officers and firefighters who are eligible to retire to enter a DROP and to make an irrevocable election concerning a retirement date (which could be no later than 36 months after entry into the DROP). The member in the DROP would continue in active service, but at the time the member retired, the member would be entitled to a retirement benefit (based on salary and years of service at the time the member entered the DROP) plus an additional amount, in either a lump sum or in annual installments, based on the retirement benefit that the member could have received during the period he or she was in the DROP.

- Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). This federal law required that an employee called to military service should be treated as having incurred no break in service with the employer. Employers must pay contributions to the retirement plan that the employee was in at the time of the call.

- Taxation of Line-of-Duty Death Benefits. This affects death benefits and survivor benefits for spouses and children. Handouts had been provided at the meeting for members to take back to their local units. PERF will send out more information this year concerning the preparation of 1099s.

- Pension Relief. Details had been provided relating to the Pension Relief Fund distributions resulting from the enactment of SB 524 and SB 260.

- State Student Assistance Commission of Indiana (SSACI) Program. Nick Vesper of SSACI) provided details of a college tuition assistance program for children of members that had died in the line-of-duty.

- Review of Local Board Disability Package. Information had been provided concerning the 1977 Advisory Committee's role in the disability determination process.

Investments

a. Quarterly Performance Update.

- Market Environment. It was noted that this quarter had been a very unusual period with significant market volatility, in particular overseas; a period similar to the long-term Capital collapse caused by defaulted Russian bonds in the late 1998, followed by an unprecedented attack within the United States which had significantly hampered third quarter results. Ms. Stephanie Grieser of William M. Mercer Investment Consulting acknowledged the fund did not exceed the fixed income return rate over this time period but stressed the importance of having equity exposure in order to meet the Fund's goals over the long-term.

- Fund Performance. During the third quarter, the Total Fund lost 6.8%, yet outperformed its benchmarks due to the overweight in fixed income and underweight in small cap equity and also to the timing of the international equity transition in September, which resulted in a larger cash position within the Fund than target. Total Fund short-term performance outpaced its comparative measures, while long-term results were mixed.

- Ms. Grieser advised that the fixed income yields were at a four-year low. Furthermore, it would probably be difficult for fixed income to continue to perform as well given the fact that yields were at historical lows. As prices go up, yields go down and so the reverse is true as well and the latter may be what is on the horizon. Steven Miller provided copies of a historical graph depicting the Fed Fund's rate over the last 40+ years under various Federal Reserve Chairmen. The Fed Funds rate was now quoted at pre-Cuban missile crisis levels. This helped to put the current environment into perspective. We are at levels that we have not seen since 1961.

- One theme reiterated was that if there were continued significant market disturbances, it would be impossible to forecast which way the equity market could turn. The overall equity markets fell during the third quarter. They were falling in August and fell even further in the time since the terrorist attack on September 11. Looking at the S&P indices, growth outperformed value, because the value index included the airlines and hospitality industries. The S&P was down 14.7% during the quarter. Internationally, the EAFE index was down approximately 14%. There were only two sectors with positive returns: Healthcare and Consumer Non-Durables. As noted in the fixed income discussion, the Federal Reserve preemptively struck by cutting short-term interest rates significantly. Since the September 11 crisis, we are a now at a Fed Funds rate of 2%.

- Fixed Income Market. There was a flight to the Treasuries in response to the attack, because in a time of market uncertainty investors go immediately to the safest assets. Managers that were overweighted in corporate securities or mortgage-backed securities tended to underperform those managers invested in more treasury-oriented or asset-backed markets. In addition, the managers that were invested in higher-credit quality corporates, triple "A"s and double "A"s, did better than those invested in the lower quality bonds. PERF's fixed income assets were up by 4.2%. The aggregate index that is our benchmark was up 4.6%, but many managers under performed because of their corporate holdings. In addition, the TIPS portfolio, which was established as part of the asset liability modeling study, does not add to the results of this quarter although it has been a good performer for us over a longer period. It was noted that the Federal Reserve plans to discontinue the 30 year bond program but it will continue with the 10-year TIPS program.

- Treasury Yield Curve. Last year at this time, we had an inverted yield curve. Short-term yields were higher than their long-term counterparts. There was significant talk of an economic surplus. We were expecting the Treasury to retire the long-term bond instrument over time. Now, as of September 2001, it is by contrast a very different story. We are in an environment with a very steep yield curve. The Federal Reserve has aggressively cut short-term interest rates and long term bonds have come down as well. Subsequent to September 30, the treasury announced that it would no longer issue or repurchase the 30-year treasuries. It was anticipated that this would be the demise of the 30-year treasury and the Treasury has rallied on supply and demand imbalances.

- Lincoln Capital Management Company's enhanced index strategy was right on top of the Lehman Aggregate Index. Some organizational changes occurring in Lincoln were also included in the report. They are changing their ownership structure. Lincoln Senior Management professionals are concerned about continuing to attract and retain high quality personnel. They have offered shares in the firm to current employees. There has been a change in the large cap growth side. Mercer will continue to monitor the firm. The fixed income team has not experienced any particular attrition.

- Black Rock had performed very well despite having several percentage of high-yield bonds to below investment-grade bonds. They were invested in higher-quality corporates. Their commercial mortgage backed security and asset-backed security allocations were a plus. They have been a good performer for PERF over a long time period.

- Taplin portfolio was underperforming during the third quarter, but their longer-term performance was good. Western Asset Global Management, L.P. looked good over a longer time period. Conseco was right at the index return for the third quarter. This was surprising because they had about 55% of their assets in corporates. However, these corporates were located at the shorter end of the yield curve. This protected them from such a significant price decline. They were also higher-quality corporates. Therefore Conseco, despite its corporate exposure, had performed in line with the index and longer-term performance looks good. Reams Asset Management Company underperformed, which was attributable to the holding of bonds issued by airlines. Their longer-term performance looked good. Hughes was right on top of the index over a long time period. Seix and Taplin underpeformed during the quarter attributable to their corporate allocation. Utendahl did well due to being underweighted in corporates and investment in high quality corporates. Most of the managers are performing in line with what we would expect over time.

- Risk versus Return. Fixed income portfolio has about the same return and about the same risk. Relative to the allocation we have had, we have performed well.

- Annuity Savings Account Allocation. The majority is invested in the S&P 500 and in the small Cap stock fund. Additionally, we have a significant allocation to the Guaranteed Fund. The performance for ASA allocations option mirror the allocations for the PERF Fund allocations.

- The total PERF Fund return has been included to show how our fund has returned versus what we are guaranteeing, which is a 8.5% return.

- Police and Fire Pension Relief Funds. It is a very fixed income-oriented strategy with 70% fixed income. It outperformed its benchmarks. Over one year it was up 1.4%.

- PERF for Third Quarter ending September 2001 had assets totaling $8.97 billion. This compared to June 30 when the fund was at 9.62 Billion. Allocation by asset class (actual versus target). Large and small Caps were underweight relative to the target.

- AFTA allocation by asset class. Large and small cap equity was underweight relative to target due to the performance of these sectors relative to the performance of the fixed income sector. In addition, funding by GE and Capital Guardian commenced on the international side. International assets stood at 8.9% (target 10%) of total. Its funding came from fixed income, because the PERF Fund was overweight in that area and is still at 42.1% versus a target of 35%. As of September 30, PERF was still in the process of funding the second of the international managers. By buying in a market with falling values, a relatively large cash position than anticipated actually helped PERF during the September funding transition.

- For the third quarter, the fund had a negative return of 6.8%. However, relative to the peer composite universe, PERF was in the top quartile. The median was down 9% versus an average of down 8.3%. On a relative basis, although we were negative, we had good results versus our benchmarks and the reason was that we were underweight in small cap equities going into the quarter and small caps under-performed. We were overweight in fixed income, and fixed income did well, and the timing of PERF's international equity transition was excellent. These were the primary reasons for the third quarter outperformance. For the year-to-date, although we are down 10% for the year, PERF's position relative to the same benchmarks is good, but relative to the actuarial rate of return of 7.25%, PERF was lagging significantly.

- Domestic Equity. For the third quarter and over the one-year period, we were above the median and outperformed the policy level benchmark, the Russell 3000 index. Brinson and DFA strategies added value during the quarter which offset continued poor performance by J. P. Morgan.

- International Equity Allocation. This is down 12.5% due to the impact of cash on the portfolio at the end of the quarter. The managers were actually down approximately 14%.

- S&P Index. The index was being tracked as requested. Brinson Partners, Inc., enhanced equity added value was despite being down 13.8% given the S&P 500 Index that was down 14.7%. For the one-year, Brinson had added value relative to its benchmark although it is down 23.5%. J.P. Morgan's enhanced equity strategy under-performed slightly. Under small caps, Dimensional Fund Advisors, Inc., which has a value-oriented strategy, performed well in a small cap area where value outperformed growth. DFA also outperformed its benchmark. If you look at DFA's performance over a long period, they have done relatively well.

- J.P. Morgan enhanced equity strategy had continued difficulty, and for the year they were down 34%. The Russell 2000 Index was down 21.2%. Their enhanced index strategy has a growth bias relative to the benchmark, and they systematically have a growth tilt. Their technology holdings have been the key to their under-performance.

- Mr. Doermer asked if Mercer tracked the performance of managers who seek to specialize in timing techniques. He was advised that Tactical Asset Allocation (TAA) managers move between value and growth, large and small, domestic and international, equity and fixed. In the late 1990s they systematically underperformed the market because they believed that the market was over-valued. Recently they had probably done better than the marketplace. We do not have many clients that currently use TAA strategies in the United States. Most of the clients using tactical strategies are located overseas. Mr. Doermer asked if this information could be provided on the performance of these types of managers.

- International Equity. Fidelity was down 13.3% and State Street down by 13.6%. There were some discrepancies between the custodian and manager. This is occurring fairly frequently this quarter due to the volatility at the quarter end. Fidelity is reporting a return of down 13.8% and State street a return of down 14.1%.

b. <u>Investment Policy Compliance Report.</u> Mr. Richard Boggs of Burnley Associates, Inc., provided a report which aimed to assist PERF Trustees with their duty to oversee compliance with the Fund's Investment Policy.

- All Investment Managers appeared to be following the investment styles for which they were hired. No significant violations of their Guidelines were detected.

- Lending income generation weakened slightly.

- Guidelines for Fixed Income. The main point considered in compliance was the quality of portfolios. All are "A" quality or above. Conseco caused concern but this was due to its specialization in corporates.

- The United States Treasury moving out of the 30-year market was forcing the managers to have substitute corporates even within the corporate sector with all the downgrades may force them to lower their quality in order to match the duration of the index. The quality of the index will also be in decline. Everyone is in compliance with the overall quality of the mandate of being ‘A’ or above and none is exceeding the maximum corporate concentration of 7.5%. There were five instances where downgrades took securities below our guideline levels but all meet the guidelines at the levels.

- In the light of the economy and the market generally, it was suggested that PERF should be looking more frequently at our asset allocation. Mercer noted that it was recommending that clients stand firm. PERF Staff noted that at the last Investment Committee meeting, a rebalancing plan with target ranges was recommended. The Board requested this to be developed in the forum of the Investment Committee and will subsequently be presented to the Board for formal adoption of the rebalancing plan.

- Global Manager. A funding plan will be presented at the next Investment Committee meeting. The contract had been signed and the first meeting with the new manager had taken place.

c. Global Equity – Value Manager Search Report. Mercer Inc provided a report. The investment managers included in their report were the remaining candidates selected from a large field of investment managers that had submitted information to Mercer’s proprietary Global Investment Manager Database. The report presented information on each firm covering organizational data and management style, as well as quantitative analysis of historical performance. Candidates were as follows:

Bank of Ireland Asset Management
Brandes Investment Partners
Lazard Asset Management
Morgan Stanley Investment Management
Marathon Asset Management
Templeton/FTI Institutional

- Most of these firms were independent or part of a greater financial conglomerate, with a wide range of assets. The manager selection process incorporated general and client specific criteria. The screening process was oriented towards eliminating firms that did not fit these criteria. In addition to completing the Request for Proposal, the main criteria included: Background, management styles, and performance.

- These managers were value-oriented firms, looking for stocks that are under priced. Some of them look for earnings growth and catalyst. They are all value-oriented strategy. These firms are getting the majority of their returns from stock selection. These are stock pickers. Most of them have a significant portion of their value added from that area. We are looking for a value oriented equity manager that will be complimented at a later date with a more of a growth oriented global manager. After consideration of all pertinent factors, Brandes emerged as the top candidate.

- Pat Gerrick noted that there were 12 – 15 million dollars in the transition account from the international transition. Since Brandes closed at the end of the month, this money could be used to establish an account. The Investment Committee could review a long-term funding plan at the next meeting.

  MOTION duly made that PERF hire Brandes as a global manager, starting with an initial allocation of approximately $12 million, and that the Chief Investment Officer provide the Board with a more detailed allocation plan.

  Proposed by: *Steven Miller*
  Seconded by: *Jonathan Birge*
  Votes: *4 for, 0 against, no abstentions*

- Stephanie Grieser and Pat Gerrick were complimented by the Board on their excellent work on the RFP.

d. Annuity Savings Account. The literature is being developed. Fees will be added as assessed on the international EFA index account.

MOTION duly made to adopt this structure for the new EFA option

Proposed by: *Steven Miller*
Seconded by: *Jonathan Birge*
Votes: *4 for, 0 against, no abstentions*

High Performance Government Initiative. It was noted that this issue had been resolved.

Officer Elections

MOTION duly made that Richard Doermer serve as Vice Chairman of the Board of Trustees.

Proposed by: *Nancy Turner*
Seconded by: *Jonathan Birge*
Votes: *4 for, 0 against, no abstentions*

MOTION duly made that Jonathan Birge serve as Chairman of the Board of Trustees.

Proposed by: *Nancy Turner*
Seconded by: *Steven Miller*
Votes: *4 for, 0 against, no abstentions*

MOTION duly made to close nominations.

Proposed by:	*Nancy Turner*
Seconded by:	*Jonathan Birge*
Votes:	*4 for, 0 against, no abstentions*

Jonathan Birge thanked Mr. Doermer on having done an excellent job as Chairman of the Board.

Due to the absence of Teresa Ghilarducci, the appointment of Committee members was postponed to the December Board meeting.

7. NEXT MEETING

The next meeting of the Board was previously set for December 14, 2001.

8. EXECUTIVE SESSION

There was no executive session.

9. ADJOURNMENT

There being no further business, the meeting was adjourned.